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## India

## Dairy and Products

## Annual

## 2006

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**Report Highlights:**

MY 2007/08 milk production is forecast to reach 98 million tons from an estimated 95 million tons in MY 2006/07. The current GOI sanitary conditions effectively restrict imports of dairy products from almost all countries.

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Includes PSD Changes: Yes  
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## SECTION I: SITUATION AND OUTLOOK

### Production

MY 2007/08 (Apr-Mar) milk production is forecast at 98 million tons compared with 95 million tons in MY 2006/07. Government and private sector efforts to increase milk production, combined with increasing processing capacities and growing demand for dairy products, are factors driving the growth. India is world's largest Bovine milk producer with the world's largest bovine population with most milk coming from Buffaloes, which is estimated at 50.5 million tons in MY 2005/06.

The peak milk production season is from September to March, whereas the lean season is from April to August, coinciding with the winter and summer-monsoon periods. Although the major milk producing states of Andhra Pradesh, Maharashtra, Gujarat and Rajasthan experienced heavy rains during the latter part of the monsoon season, it did not have any significant impact on this year's milk production.

High farm gate prices for milk in recent years are making dairy a remunerative enterprise. Milk prices in India are largely determined by the fat content. Hence, buffalo milk, with a higher fat content, attracts a premium. Growing export demand for buffalo meat also supports buffalo production. Buffalo milk now constitutes nearly 56 percent of India's total milk production. According to industry estimates, only 15 percent of total milk production is handled by the organized dairy sector, including cooperatives.

The average July–October 2006 producer price for milk ranged between Rs. 14 to 17 per liter (\$309 to \$375 per ton) for buffalo milk (with 6% fat and 9% SNF) and Rs. 12 to 14 per liter (\$265 to \$309 per ton) for cow milk (with 4% fat and 8% SNF).

### Production Developments

Government dairy development programs are focused on upgrading cattle and buffalo genetics, increasing feed and fodder availability, controlling the spread of animal diseases, and expanding cold chain and other infrastructure facilities under the Tenth Five Year Plan. Like agriculture, animal husbandry and dairying is also a state subject, thus central government efforts are largely to support the dairy development efforts of state governments. Under the Central government annual plan for IFY 2006/07 (Apr-Mar), Rs. 790 million (U.S.\$17.5 million) was allocated for dairy development.

### Consumption

About 45 percent the total milk production is retained in producing areas for local consumption. Dairy cooperatives, private dairies, and village vendors (targeting urban markets) handle the rest of production. Cooperatives and private dairies market 50 percent and 35 percent respectively of the milk they procure in liquid form, while the balance is processed into packaged milk, milk powder, butter, ghee (melted, clarified butter), ice cream, cheese, yogurt, ethnic sweets, and flavored milk. Ghee is used in premium-cooking and is typically priced at almost double the price of vegetable cooking oils.

Total nonfat dry milk production in 2007 is forecast at 340,000 tons compared to 295,000 tons in 2006. Combined butter and ghee production is forecast at 3.4 million tons. The unorganized sector is expected to handle 70 percent of total ghee/butter production.

Per capita milk consumption in 2005 was 232 grams per day, which, although growing, is much below the world average of 265 grams per day. The demand for branded milk products

by urban consumers is growing. Amul, Nestle, and Mother Dairy are some of the more well-known dairy product brands.

## Trade

Post forecasts milk powder, butter, and fluid milk exports at 60,000 tons, 10,000 tons and 60,000 tons respectively in MY 2007/08, assuming international prices stay competitive. MY 2007/08 butter imports are forecast at 5,000 tons. Imports of nonfat dry milk are likely to be negligible because of the prevailing sanitary restrictions and weak domestic demand.

Imports of milk and cream, milk food for babies, whole milk, condensed milk, yogurt, buttermilk, whey, dairy spreads, ghee, cheese (fresh/grated, powdered, processed, blue veined) are permitted without any quantitative restrictions. However, in most cases import permits are required. Skimmed milk, milk food for babies, whole milk, milk for babies, and condensed milk should also adhere to standards set by Bureau of Indian Standards. Import of table butter and ghee attract a total duty of 45.6 percent. Condensed milk and whole milk attract duties of 58.41 and 35.90 percent respectively. Effective June 2000, a Tariff Rate Quota was established for Skimmed Milk Powder, under which imports of up to 10,000 tons are allowed at a 15 percent basic tariff, and quantities above that level at a basic tariff of 60 percent.

The current GOI sanitary conditions effectively restrict import of dairy products from almost all countries.

In an effort to harmonize the domestic standards for milk and milk products with codex standards, the Ministry of Health and family Welfare has released a number of GOI gazette notifications. For details see:

- 1) GSR 356(E) dated June 7, 2005 ([www.mohfw.nic.in/GSR356.pdf](http://www.mohfw.nic.in/GSR356.pdf)).
- 2) GSR 532(E) dated December 6, 2005 ([www.mohfw.nic.in/706.pdf](http://www.mohfw.nic.in/706.pdf) )
- 3) GSR 131(E), dated March 3, 2006 ([www.mohfw.nic.in/131.pdf](http://www.mohfw.nic.in/131.pdf))
- 4) GSR 532 (E), dated September 5, 2006 ([www.mohfw.nic.in/Noti%20352.pdf](http://www.mohfw.nic.in/Noti%20352.pdf))

## SECTION II: STATISTICAL TABLES

Table 1: Commodity, Dairy, Milk, Fluid, PSD

PSD Table										
Country	India									
Commodity	Dairy, Milk, Fluid						(1000 HEAD) (1000 MT)			
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		04/2005	04/2005		04/2006	04/2006		04/2007	04/2007	MM/YYYY
Cows In Milk	38000	38000	38000	38600	38000	38000	0	0	38500	(1000 HEAD)
Cows Milk Production	38500	38500	37520	39450	38750	39775	0	0	41150	(1000 MT)
Other Milk Production	53500	53500	53980	57000	57000	54925	0	0	56850	(1000 MT)
Total Production	92000	92000	91500	96450	95750	94700	0	0	98000	(1000 MT)
Other Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
<b>Total Supply</b>	<b>92000</b>	<b>92000</b>	<b>91500</b>	<b>96450</b>	<b>95750</b>	<b>94700</b>	<b>0</b>	<b>0</b>	<b>98000</b>	(1000 MT)
Other Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Exports	0	0	50	0	0	55	0	0	60	(1000 MT)
Fluid Use Dom. Consum.	38500	38500	36600	39700	39000	39865	0	0	42975	(1000 MT)
Factory Use Consum.	53500	53500	54850	56750	56750	54780	0	0	54965	(1000 MT)
Feed Use Dom. Consum.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Dom. Consumption	92000	92000	91450	96450	95750	94645	0	0	97940	(1000 MT)
<b>Total Distribution</b>	<b>92000</b>	<b>92000</b>	<b>91500</b>	<b>96450</b>	<b>95750</b>	<b>94700</b>	<b>0</b>	<b>0</b>	<b>98000</b>	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
CY. Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)

Table 2: Commodity, Dairy, Nonfat Dry, PSD

PSD Table										
Country	India									
Commodity	Dairy, Milk, Nonfat Dry						(1000 MT)			
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		04/2005	04/2005		04/2006	04/2006		04/2007	04/2007	MM/YYYY
Beginning Stocks	14	14	14	19	19	5	0	0	5	(1000 MT)
Production	270	270	256	290	290	295	0	0	340	(1000 MT)
Other Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
<b>Total Supply</b>	<b>284</b>	<b>284</b>	<b>270</b>	<b>309</b>	<b>309</b>	<b>300</b>	<b>0</b>	<b>0</b>	<b>345</b>	(1000 MT)
Other Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Exports	15	15	40	20	20	55	0	0	60	(1000 MT)
Human Dom. Consumption	250	250	225	270	270	240	0	0	280	(1000 MT)
Other Use, Losses	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Dom. Consumption	250	250	225	270	270	240	0	0	280	(1000 MT)
Total Use	265	265	265	290	290	295	0	0	340	(1000 MT)
Ending Stocks	19	19	5	19	19	5	0	0	5	(1000 MT)
<b>Total Distribution</b>	<b>284</b>	<b>284</b>	<b>270</b>	<b>309</b>	<b>309</b>	<b>300</b>	<b>0</b>	<b>0</b>	<b>345</b>	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
CY. Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)

Table 3: Commodity, Dairy, Butter, PSD

<b>PSD Table</b>										
<b>Country</b>	<b>India</b>									
<b>Commodity</b>	<b>Dairy, Butter</b>						(1000 MT)			
	2005	Revised		2006	Estimate		2007	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
<b>Market Year Begin</b>		04/2005	04/2005		04/2006	04/2006		04/2007	04/2007	MM/YYYY
Beginning Stocks	0	0	0	0	0	0	0	0	0	(1000 MT)
Production	2850	2850	2749	3200	3200	3050	0	0	3425	(1000 MT)
								0		
Other Imports	5	5	1	0	0	5	0	0	5	(1000 MT)
Total Imports	5	5	1	0	0	5	0	0	5	(1000 MT)
<b>Total Supply</b>	<b>2855</b>	<b>2855</b>	<b>2750</b>	<b>3200</b>	<b>3200</b>	<b>3055</b>	<b>0</b>	<b>0</b>	<b>3430</b>	(1000 MT)
Other Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Exports	10	10	7	15	15	10	0	0	10	(1000 MT)
Domestic Consumption	2845	2845	2743	3185	3185	3045	0	0	3420	(1000 MT)
Total Use	2855	2855	2750	3200	3200	3055	0	0	3430	(1000 MT)
Ending Stocks	0	0	0	0	0	0	0	0	0	(1000 MT)
<b>Total Distribution</b>	<b>2855</b>	<b>2855</b>	<b>2750</b>	<b>3200</b>	<b>3200</b>	<b>3055</b>	<b>0</b>	<b>0</b>	<b>3430</b>	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
CY. Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)